

## How U.S. businesses profit from war worldwide



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The U.S. spends hundreds of billions of dollars both domestically and internationally to advance U.S. interests, but some of the biggest beneficiaries are also some of the world's

largest corporations. In 2022, Biden signed the ~~National Defense Authorization Act~~, allocating \$816.7 billion to the U.S. Defense Department.

Much of the budget, about \$389.5 billion, was spent on military contracts to secure weaponry and services from defense contractors, according to the [DOD annual report](#). These weapons are for both U.S. stockpiles and shipped abroad to allies. These billions go towards supporting a massive global arms industry that reaps the benefits of conflict.

According to the [Department of Defense](#) (DOD), the top U.S. military contractors in 2022 include Lockheed Martin Corporation, Raytheon Technologies Corporation and General Dynamics Corporation. Together, those companies account for \$297.68 billion in market capitalization.

Activists across the country have begun protests outside of defense contractors' offices. On Nov. 20, about 50 anti-war protestors blocked the entrance to the Lockheed Martin Corporation office complex in [St. Paul](#), MN to protest the company's role in the ongoing war in Gaza.

Similarly, on Nov. 30, the Tucson Coalition for Palestine held a protest outside of the Raytheon Missiles and Defense Headquarters at the University of Arizona Tech Park, [where 26 activists and a journalist from KJZZ were arrested](#).

Activist Firoz Azizi participated in the Tucson protests outside the UA Tech Park Raytheon office.

According to Azizi the UA Tech Park in Tucson that is home to Raytheon was “essentially built to foster a relationship with these weapons companies... under the guise of innovation and economic prosperity. But really, they're just trying to find creative ways to make new weapons used for destruction.”

## **The weapons industry in the U.S.**

In 2022, the DOD purchased \$44.5 billion from Lockheed Martin, \$25.4 billion from Raytheon, and \$21.5 billion from General Dynamics Corporation, [according to the DOD website](#).

[Raytheon's total revenue for 2022](#) was \$67.1 billion and the U.S. accounted for nearly 40% of that total, [purchasing \\$25.4 billion from Raytheon](#).

Lockheed's relationship with the U.S. keeps the company in business. In 2022, 73% of

Lockheed's total consolidated net sales were from the U.S. Government, including 64% from the DOD, according to [Lockheed's 2022 annual report](#). Lockheed's annual report recognized the closeness of this relationship.

"We depend heavily on contracts with the U.S. Government for a substantial portion of our business. Changes in the U.S. Government's priorities, or delays or reductions in spending could have a material adverse effect on our business," according to the report.

The arms business goes worldwide. The United States is the largest exporter of weapons, with its top buyers being Saudi Arabia, Japan and Australia, according to the [Stockholm International Peace Research Institute](#).

"It's important to protest these places because they are literally profiting off of war. For every bomb they make and sell that is used to kill a child, they make money off of it," Azizi said. "We have to protest because they're directly complicit. They need to have their instruments of torture coming from somewhere, and they come from Raytheon and these weapons companies."

The companies didn't immediately respond to a request for comment.

## Where the money comes from

When war breaks out, military contractors can expect a rise in sales. Ever since Russia's invasion of Ukraine in 2022, [the U.S. has provided Ukraine](#) with \$44.2 billion in military assistance. Military contractors benefit from this arrangement as the U.S. buys military equipment from these institutions and sends the weaponry to Ukraine.

For example, in Sept. 2022, [the DOD worked quickly to replace \\$1.2 billion](#) in contracts to replenish U.S. military stocks for weapons sent to Ukraine. The breakdown includes about \$352 million in funding for replacement Javelin missiles, \$624 million for replacement Stinger missiles, and \$33 million for replacement HIMARS systems. The Javelin missiles are manufactured exclusively by [Javelin Joint Venture](#), a partnership between Raytheon and Lockheed Martin.

[Raytheon Co., in Tucson, Arizona](#) was awarded an Other Transaction Authority agreement with a ceiling of \$418,339,008 for Stinger missile upgrades and replacement. Similarly, Lockheed Martin Corp., Grand Prairie, Texas, was awarded an agreement with a ceiling of \$311,979,039 for Stinger missile upgrades and replacement. American High Mobility Artillery Rocket Systems (HIMARS) are also manufactured by Lockheed.

Under the Presidential Drawdown Authority (PDA), which allows the President to authorize the immediate transfer of equipment and services from U.S. stocks due to an “unforeseen emergency,” the Biden Administration authorized 47 drawdowns totaling \$25 billion, ~~according to the Congressional Research Services~~.

The ~~weaponry provided to Ukraine~~ includes High Mobility Artillery Rocket Systems (HIMARS) and ammunition, Advanced Surface-to-Air Missile Systems, Abrams tanks, 45 T-72B tanks and 186 Bradley, 35,000+ grenade launchers and small arms and more.

## Today's relevance

The current military operation in Gaza is a treasure chest for military contractors whose revenue increases as the U.S. turns to them to replenish their stocks.

The U.S. is scrambling to provide Israel with additional military funding amidst their military operation in Gaza. ~~Bloomberg reported~~ that the Pentagon is quietly fulfilling Israel's request for additional guided missiles for Apache helicopters, 155mm cannons, night vision equipment, bunker-busting bombs and armored vehicles.

The Biden Administration has recently proposed sending an additional \$14.3 billion to Israel to further assist their military operation. The proposed package would have included \$10.6 billion for things like air and missile defense support and industrial base investments to support the Iron Dome. \$3.7 billion was to strengthen Israel's military and enhance the U.S. Embassy security.

In a supplemental budget request, the Biden administration has proposed amending Section 12001 of the Department of Defense Appropriations Act, lifting restrictions on weapons stockpiles to allow Israel access to arms and ammunition. Additionally, The Journal reported that the Biden administration seeks to provide Israel with \$320 million worth of military equipment.

~~The New York Times~~ obtained a letter sent from the State Department notifying Congress of the transfer of “defense articles, technical data, and defense services to support procurement, inspection, assembly, testing, and shipment of SPICE Family Gliding Bomb Assemblies.” SPICE Family Gliding Bomb Assemblies are produced by Rafael USA, an Israeli military contractor with a branch in the U.S.

## Ethical concerns



As war continues to grow worldwide whether it be in Yemen, Ukraine, or Gaza, the ethics of foreign countries' efforts to fuel these wars through weapon transfers is being called into question.

The U.S. and U.K.'s governments have been heavily criticized for providing weapons to Saudi Arabia amidst the ongoing proxy war between Saudi and Iran taking place in Yemen. Since fighting began in 2015 with Saudi fighting against the Houthi militia group, Yemen has seen one of the world's worst humanitarian crises with 17 million Yemenis struggling with food insecurity and 21.6 million in dire need of humanitarian assistance, according to the [World Food Programme](#). Since 2015, Amnesty has found remnants of U.S. weapons at the scenes of destruction in Yemen, [at hospitals](#), [residential homes](#) and [mosques](#).

According to the [International Humanitarian Law](#), civilians must be protected amidst war and warring entities cannot utilize indiscriminate attacks that could potentially impact civilians.

This has led to increased calls to halt the international transfer of weapons to nations such as Saudi Arabia and Israel that have been accused of killing civilians. Israel also faces criticism for accusations of [aerial bombardment](#), [food blockades](#), [targeting civilians](#), [targeting hospitals](#) and the use of U.S.-supplied [white phosphorus](#) in Gaza, all prohibited under [international law](#). However, the weapons industry is too large for the U.S. to abandon. Saudi Arabia was the world's largest arms importer between 2015 and 2019, with 73% of Saudi Arabia's arms coming from the U.S., according to the [Stockholm International Peace Research Institute](#).

In 2021, Israel imported \$357 million in weapons, making them the 7th largest importer of weapons worldwide, [according to The Observatory of Economic Complexity \(OEC\)](#). Israel's top importer is the U.S. at \$288 million, [according to the OEC](#).

In 2022, [America provided Israel](#) with \$3.3 billion in foreign assistance – 99% of that money went directly to the Israeli Defense Forces, under the label of “peace and security.” The remainder went to social services such as education and economic development, according to USAID.

## **Profit is the primary objective**

As war continues, the weapons industry reaps the monetary benefits that come with international warfare. With over [18,600 deaths in Gaza](#) and [1,200 deaths in Israel](#),

protestors are putting pressure on the U.S. to re-examine its role in assisting international military operations.

“The U.S. and U.S. businesses profit from war. Raytheon and all these companies, Boeing, BAE systems, all of them. It’s not just Palestine that they’re destroying. It’s Afghanistan, Iraq, Syria. All these different places in the Middle East are being destroyed by these weapons companies,” Azizi said.

“They have a system that is designed here to maximize profit. And they’ll do that in any way they can,” noted Azizi. “It’s important to protest these places because they are literally profiting off of war.”

The companies didn’t immediately respond to a request for comment.

In the meanwhile, **the State Department has bypassed Congress** to approve the sale of 14,000 rounds of tank ammunition worth \$106 million as the war continues to ravage Gaza.

While pressure continues to grow for a ceasefire in Gaza, defense contractors can be assured that they will continue to have a stable income as the military budget has stagnant contracts with all contractors regardless of current geopolitical affairs. Despite the ethical concerns that naturally come from profiting off war, the weapons industry is still a business and profit is the primary objective of any business.

Government

International business



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